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OC 1792  
5/11/53  
Reference No.

~~CONFIDENTIAL~~

Chief of Logistics  
ATTN : Chief, Procurement Division  
Assistant Director for Communications

(PR 454)

Contracts XG-848, XG-540 and XG-995 [redacted]  
Sheps, Inc.; Request for Amendments to

- REFERENCE: A. Memo from Chief, Engineering Division, OC, to Chief, Purchase Division, P&SO, Reference No. XGE3-754, dated 20 March 1953.
- B. Memo from Chief, Engineering Division, OC, to Chief, Purchase Division, P&SO, Reference No. XGE3-807, dated 27 March 1953.
- C. Memo from Chief, Engineering Division, OC, to Chief, Purchase Division, P&SO, Reference No. XGE3-815, dated 30 March 1953.
- D. Letter from NEMS to Contracting Officer, dated 22 April 1953.

1. References A, B, and C requested bids from the [redacted] on Model RA-2B Radio Receivers, Model RT-3 Radio Transmitters, and Model RP-1 Power Supplies respectively. NEMS has made a proposal for these units under Reference D. Since the costs are the same as those set forth under existing contracts (prices were determined by competitive bids before the contracts were awarded), and since the prices are the maximum chargeable, subject to downward revision, the NEMS proposal is considered satisfactory.

2. The following information is presented supporting the procurement of the above equipment by amending existing contracts with NEMS:

a. Plans and specifications for the equipment were compiled by the Radio Development and Research Corporation, Jersey City, New Jersey. These plans and specifications are not complete. Several man-months of engineering time would be required to correct these items before they could be submitted to manufacturers for competitive bids.

b. If another firm produced equipment in accordance with the plans and specifications compiled by RDR, the first units probably would be unacceptable and change orders and consequent increases in the contract prices would be required to produce satisfactory items. NEMS has completed this phase of adjustment, and is producing very satisfactory equipment.

c. Production tooling equipment was transferred from RDR to NEMS when the latter company began work on the subject contracts. If a contract for the equipment listed in Paragraph 1 is awarded to

~~SECRET~~  
Security Information

~~SECRET~~  
Security Information  
-2-

another firm, it will be necessary to expend funds for a detailed inventory and for transportation of the equipment from NEMS to the other firm.

d. Large quantities of spare parts are in stock for the equipment which has been manufactured by RDR and NEMS. The interchangeability of these parts may be a serious problem if the units are produced by another firm.

3. In view of the foregoing, it appears that it is more prudent and economical for the Government to obtain the equipment by amending the subject contracts. It is therefore requested that the equipment listed in References A, B, and C be procured from NEMS at the costs submitted under Reference D. Funds are available chargeable to FY-53 Allotment No. 2995-60. Requisition No. 53-08245, MSB 53-131 covering this equipment was forwarded on 9 April 1953.

OC-E/JFS

COORDINATION:

OC-P/RDL



Deputy

25X1

ATTACHMENTS:

Ref. A, B, C, & D.

OC-E/PEB/GBG:d1 (1 May '53)

Distribution:

OC-P/RDL

MSB

C&ERB

XG-848 ✓

XG-540

XG-995

PEB (2)

Chrono

-2-

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